

**LEGISLATIVE
RESEARCH COMMISSION**

PUBLIC EMPLOYEES PERSONNEL STUDY



**REPORT TO THE
1995 GENERAL ASSEMBLY
OF NORTH CAROLINA**

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AN ACT TO CREATE THE STUDY COMMISSION ON THE
STATE PERSONNEL SYSTEM AND TO APPROPRIATE FUNDS
TO THE STUDY COMMISSIOND-1**

STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27601-1096



January 11, 1995

TO THE MEMBERS OF THE 1995 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits to you for your consideration its final report on the State Personnel System and temporary employment in the State. The report was prepared by the Legislative Research Commission's Committee on Public Employees Personnel pursuant to G.S. 120-30.17(1).

Respectfully submitted,



Daniel T. Blue, Jr.
Speaker of the House



Marc Basnight
President Pro Tempore

Cochairmen
Legislative Research Commission



1993-1994

LEGISLATIVE RESEARCH COMMISSION

MEMBERSHIP

President Pro Tempore of
the Senate
Marc Basnight, Cochair

Senator Austin Allran
Senator Frank W. Ballance, Jr.
Senator R. L. Martin
Senator J. K. Sherron, Jr.
Senator Lura S. Tally

Speaker of the House of
Representatives
Daniel T. Blue, Jr., Cochair

Rep. Harold J. Brubaker
Rep. Marie W. Colton
Rep. W. Pete Cunningham
Rep. Bertha M. Holt
Rep. Vernon G. James

PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is cochaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission, prompted by actions during the 1993 Session, has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Cochairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairs, one from each house of the General Assembly, were designated for each committee.

The study of the State Personnel System and temporary employment in the State would have been authorized by Part II, Sections 2.1(14) and (59) of the 2nd Edition of House Bill 1319 which passed both chambers but inadvertently was among the bills not ratified at the end of the 1993 Session.

Part II of the 2nd Edition of House Bill 1319 would allow studies authorized by that Part for the Legislative Research Commission to consider House Bill 1351 and House Bill 196 along with Senate Bill 119 in determining the nature, scope and aspects of the study. The relevant portions of the 2nd Edition of House Bill 1319 are

included in Appendix A. A copy of Senate Bill 119 along with House Bills 1351 and 196 are included in Appendix B. The Legislative Research Commission authorized this study in the Fall of 1993 under authority of G.S. 120-30.17(1) and grouped this study in its Labor and Personnel area under the direction of Senator Austin Allran. (House Bill 1319 was later amended and ratified in 1994 with the Legislative Research Commission studies 2nd Edition language deleted because the Legislative Research Commission had already acted on these matters).

The Committee was chaired by Senator Joseph E. Johnson and Representative Milton F. Fitch, Jr. The full membership of the Committee is listed in Appendix C of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

COMMITTEE PROCEEDINGS

The Public Employees Personnel Study Committee held a total of three meetings: one after the conclusion of the 1993 regular legislative session and prior to the 1994 Special Session; one following the Special Session and before the 1994 Short Session; and one upon completion of the Short Session. The Committee's primary effort during these meetings has been to collect subject matter information for the purpose of identifying and defining the specific issues, concerns, and potential action(s) needed to address and improve the current situation in the assigned areas.

January 27, 1994 Meeting

The Committee held its initial meeting and focused on informational and organizational matters. The Committee heard staff presentations outlining the results of legislation proposed by the previous study commission and summarizing major ratified legislation with the corresponding impact on the State Personnel System. Representatives from the Office of State Personnel, Office of the Governor, State Employees Association of North Carolina, Administrative Office of the Courts, and private employment agencies responded to the Committee's question as to specific concerns regarding the two very broad substantive areas assigned for study.

April 26, 1994 Meeting

The Committee's second meeting began with an update on the flexible benefits program, an issue on which the previous State Personnel System Study Commission made recommendations, proposed legislation, and had been vigorously pursuing. Mr. Alan Barwick of the Office of State Budget presented the Flexible Benefits Report, the

results of a study conducted by a task force on expanding and administering flexible benefits for State employees. Among other things, he outlined the:

1. Different types of flexible benefits and how they are administered;
2. Four segments of State government and the disparity in flexible benefits offered;
3. Need for the State to consolidate the various programs;
4. Recommendations and structure for governing and operating a flexible compensation program, and
5. Implementation strategy.

Mr. Ronald Penny, State Personnel Director, then updated the Committee on the status of the Comprehensive Classification and Compensation Study, summarized the report on State agencies' administration of Workers Compensation, and presented the results of a report on salary inequities and compression. With regard to State agencies and Workers Compensation, he stressed the need to implement the following recommendations:

1. Establishing an automated system for processing claims and building a data base;
2. Phasing in centralized administration and monitoring beginning in July 1995; and
3. Adding an agency line item in the budget specifically for workers compensation.

On the issue of salary inequities and compression, Mr. Penny explained that 72.7 percent of state employees are at or below the midpoint of their assigned salary ranges. This situation is largely due to the fact that only across-the-board increases have been the most frequently used vehicle for awarding increases to employees. That vehicle by

itself alone does not improve the employee's location within the salary grade nor the employee's position with regard to newer employees.

Ms. Nellie Riley, Director of Equal Opportunity Services in the Office of State Personnel, discussed salary inequities currently existing in state government and which are more prone to result when agencies hire a candidate from outside of state government. Gender inequities were also pointed out, noting that between 1976 and 1993, in all but four years, the average percentage salary increase for a male during a promotion exceeded that of a female being promoted. The suggestion from the Office of State Personnel was to:

(1) Fund a pay plan which will move the individuals in the range rather than simply moving the salary range itself; or

(2) Provide some standards for adjustments for equity issues and for employees who have acquired skills and bettered their performance.

Mr. Penny briefed the Committee on the major objectives and timetables on the classification system study to be conducted by Ernst & Young. The final report is to be submitted to the General Assembly on April 1, 1995.

Ms. Kristine Lanning and Ms. Paula Wolfe of the State Employees Association of North Carolina (SEANC) spoke briefly on the Comprehensive Compensation System and presented their association's request to increase the per diem travel allowance for State employees and to either remove or extend the sunset provision on flexible benefits.

Mr. Larry Farrar with the North Carolina Public Workers Organization urged the Committee to examine the current grievance procedure for State employees subject to the State Personnel Act (SPA). He alleged a lack of supervisory adherence to the grievance procedure by a number of agencies, in addition to his own employing institution. Mr. Farrar stressed the need for each agency to have its own grievance

committee, a place for an employee to bring his or her grievance without fear of reprisal and being unemployed. He presented a list of elements which his organization and the Grievance and Appeals Procedures Study (GAPS) recommend for inclusion in the grievance process. Finally, he outlined an example of a situation at The University of North Carolina at Chapel Hill.

Another State employee and member of the North Carolina Public Service Workers Organization, Mr. Don Cavellini, also spoke as to the problem with the grievance process. He stressed that the grievance problem was not unique to one university or agency, but rather one throughout all public service work from one end of the state to the other.

November 23, 1994 Meeting

At its third meeting, the Committee received input from affected and interested parties as it finalized its recommendations. Clarifying information concerning the level of current expenditures in the area of workers compensation for state agencies and an explanation about inequities in salary based on gender were presented in response to questions from committee members. Mr. Wayne Jones, Vice Chancellor for Business and Finance at The University of North Carolina at Chapel Hill, then responded to the concerns regarding the University's grievance process which had been voiced at the Committee's previous meeting. Mr. Jones presented a letter from the Chancellor and stressed the improvements in the University's grievance policies and procedures over the last several years.

Ms. Laurie Charest, Associate Vice Chancellor for Human Resources at The University of North Carolina at Chapel Hill, summarized the history of the grievance procedure, reviewed some of the issues, and outlined the changes which had been made in response to employee comments and suggestions. She indicated that, of the 65

grievances filed by university employees subject to the State Personnel Act, from January 1, 1993 to March 31, 1994: 55 were resolved within the University, eight (8) were resolved through the Office of Administrative Hearings, and two (2) probably went on to the court system.

Ms. Kay Slaughter, Deputy State Personnel Director, presented additional information on the number of grievances from a state-wide perspective. She stated that approximately 196 cases are contested out of all state agencies, which covers 119,000 State employees subject to the State Personnel Act. She indicated that their office will be offering legislation for introduction to set up an alternative dispute resolution process and a mediation pool across the State. One purpose of such alternatives is to ensure some consistency on a state-wide basis.

Mr. Gary Fisher, Director of the Employee Services Division of the Office of State Personnel, spoke to the points raised by the North Carolina Service Workers group. He explained what the Office of State Personnel was doing to make the process more user-friendly, and listed the grievable issues outlined by statute.

Representative Thompson presented copies of testimonies from employees at Broughton Hospital which requested classification and pay review of their positions in regard to personal safety issues based on their job duties and the types of clients to whom they provided services.

Mr. Don Huffman, Director of the Position Management Division at the Office of State Personnel, delivered a detailed update on the status of and current progress with the statewide Classification and Compensation Study. He indicated that Phases I and II have been completed. At the present time, work is toward the end of Phase III and it is expected that Phase IV will be accomplished over the next two months. The final report is to be ready by February 1995.

FINDINGS AND RECOMMENDATIONS

Finding:

Due to an expected increase to the level of \$200 million by the year 2000, it is crucial for agencies of the State of North Carolina to be able to identify the cost and project the level of expenditures, and therefore, funding required to satisfy the workers compensation obligation in the most fiscally responsible manner. **Recommendation:**

The Committee hereby recommends that the budget process be modified to require agencies to budget specifically for Workers Compensation.

Finding:

Given economic and management trends of today and the dynamics and complexities involving the workplace coupled with the size of State government's investment in its employee workforce, the Committee on Public Employees Personnel concluded that it is imperative to have the benefit of a legislative-related body to assist in reviewing, evaluating, and adjusting the elements of the State Personnel System so that it functions smoothly and with the desired effects.

Recommendation:

The Committee hereby recommends that the General Assembly appropriate funds and establish a commission to continue the study of the State Personnel System.

(See Legislative Proposal I)



APPENDIX A

HOUSE BILL 1319, 2ND EDITION

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMITTEES AND COMMISSIONS, AND TO DIRECT VARIOUS STATE AGENCIES TO STUDY SPECIFIED ISSUES.

The General Assembly of North Carolina enacts:

PART I.-----TITLE

Section 1. This act shall be known as "The Studies Act of 1993".

PART II.-----LEGISLATIVE RESEARCH COMMISSION

Sec. 2.1. The Legislative Research Commission may study the topics listed below. Listed with each topic is the 1993 bill or resolution that originally proposed the issue or study and the name of the sponsor. The Commission may consider the original bill or resolution in determining the nature, scope, and aspects of the study. The topics are:

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(14) State Personnel (H.B. 196 - Fitch, S.B. 119 - Johnson),

.

(59) Temporary Employment in the State (H.B. 1351 - Holt),

Sec. 2.2. Committee Membership. For each Legislative Research Commission Committee created during the 1993-94 biennium, the cochairs of the Commission shall appoint the Committee membership.

Sec. 2.3. Reporting Dates. For each of the topics the Legislative Research Commission decides to study under this act or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1994 Regular Session of the 1993 General Assembly or the 1995 General Assembly, or both.

Sec. 2.4. Bills and Resolution References. The listing of the original bill or resolution in this Part is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

Sec. 2.5. Funding. From the funds available to the General Assembly, the Legislative Services Commission may allocate additional monies to fund the work of the Legislative Research Commission.

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PART XI.-----APPROPRIATION FOR STUDIES

Sec. 11.1. From the appropriations to the General Assembly for studies, the Legislative Services Commission may allocate funds to conduct the studies authorized by this act.

PART XII.-----EFFECTIVE DATE

Sec. 12.1. This act is effective upon ratification. Part VI of this act is repealed on June 30, 1995.

APPENDIX B

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S

1

SENATE BILL 119*

Short Title: State Personnel Study Created.

(Public)

Sponsors: Senators Johnson, Sherron, Simpson; and Daniel.

Referred to: Rules and Operation of the Senate.

February 11, 1993

1 **A BILL TO BE ENTITLED**
2 **AN ACT TO CREATE THE STUDY COMMISSION ON THE STATE PERSONNEL**
3 **SYSTEM AND TO APPROPRIATE FUNDS TO THE STUDY COMMISSION.**
4 **The General Assembly of North Carolina enacts:**
5 **Section 1. There is created a Study Commission on the State**
6 **Personnel System to be composed of nine members: three Senators to be**
7 **appointed by the President Pro Tempore of the Senate, three Representatives**
8 **to be appointed by the Speaker of the House, and three public members to be**
9 **appointed by the Governor. The President Pro Tempore of the Senate and the**
10 **Speaker of the House shall each designate a cochairman from their appointees.**
11 **Either cochairman may call the first meeting of the Study Commission.**
12 **Vacancies shall be filled in the same manner as the original appointments were**
13 **made.**
14 **Sec. 2. The Study Commission is authorized to study all aspects of**
15 **the State Personnel System including, but not limited to, the extent to which**
16 **State government employment is family-supportive, salary inequities among**
17 **State employees, and flexible compensation programs.**
18 **Sec. 3. With the prior approval of the Legislative Services**
19 **Commission, the Legislative Administrative Officer shall assign professional**
20 **and clerical staff to assist in the work of the Commission. Clerical staff shall**
21 **be furnished to the Commission through the Offices of the House and Senate**

1 Supervisors of Clerks. The expenses of employment of the clerical staff shall
2 be borne by the Commission. With the prior approval of the Legislative
3 Services Commission, the Study Commission may hold its meetings in the
4 State Legislative Building or the Legislative Office Building.

5 Sec. 4. The Study Commission may submit an interim report of its
6 findings and recommendations and the status of its work on or before the first
7 day of the 1994 Regular Session of the 1993 General Assembly. The Study
8 Commission shall submit a final written report of its findings and
9 recommendations on or before the convening of the 1995 Session of the
10 General Assembly. All reports shall be filed with the President Pro Tempore
11 of the Senate and the Speaker of the House of Representatives. Upon filing its
12 final report, the Commission shall terminate.

13 Sec. 5. Members of the Commission shall be paid per diem,
14 subsistence, and travel allowances as follows:

- 15 (1) Commission members who are also members of the General
16 Assembly, at the rate established in G.S. 120-3.1;
17 (2) Commission members who are officials or employees of the
18 State or local government agencies, at the rate established in
19 G.S. 138-6; and
20 (3) All other Commission members, at the rate established in
21 G.S. 138-5.

22 Sec. 6. There is allocated from the funds appropriated to the
23 General Assembly's Legislative Services Commission to the Study Commission
24 on the State Personnel System for its work the sum of twenty-five thousand
25 dollars (\$25,000) for the 1993-94 fiscal year and the sum of twenty thousand
26 dollars (\$20,000) for the 1994-95 fiscal year.

27 Sec. 7. This act becomes effective July 1, 1993.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

H

1

HOUSE BILL 196*

Short Title: State Personnel Study Created.

(Public)

Sponsors: Representatives Fitch; Hensley, Oldham, Stamey, and Wright.

Referred to: Rules, Calendar, and Operations of the House.

February 18, 1993

A BILL TO BE ENTITLED

AN ACT TO CREATE THE STUDY COMMISSION ON THE STATE PERSONNEL SYSTEM AND TO APPROPRIATE FUNDS TO THE STUDY COMMISSION.

The General Assembly of North Carolina enacts:

Section 1. There is created a Study Commission on the State Personnel System to be composed of nine members: three Senators to be appointed by the President Pro Tempore of the Senate, three Representatives to be appointed by the Speaker of the House, and three public members to be appointed by the Governor. The President Pro Tempore of the Senate and the Speaker of the House shall each designate a cochairman from their appointees. Either cochairman may call the first meeting of the Study Commission. Vacancies shall be filled in the same manner as the original appointments were made.

Sec. 2. The Study Commission is authorized to study all aspects of the State Personnel System including, but not limited to, the extent to which State government employment is family-supportive, salary inequities among State employees, and flexible compensation programs.

Sec. 3. With the prior approval of the Legislative Services Commission, the Legislative Administrative Officer shall assign professional and clerical staff to assist in the work of the Commission. Clerical staff shall be furnished to the Commission through the Offices of the House and Senate Supervisors of Clerks. The expenses of employment of the clerical staff shall be borne by the Commission. With the prior approval of the Legislative

Services Commission, the Study Commission may hold its meetings in the State Legislative Building or the Legislative Office Building.

Sec. 4. The Study Commission may submit an interim report of its findings and recommendations and the status of its work on or before the first day of the 1994 Regular Session of the 1993 General Assembly. The Study Commission shall submit a final written report of its findings and recommendations on or before the convening of the 1995 Session of the General Assembly. All reports shall be filed with the President Pro Tempore of the Senate and the Speaker of the House of Representatives. Upon filing its final report, the Commission shall terminate.

Sec. 5. Members of the Commission shall be paid per diem, subsistence, and travel allowances as follows:

- (1) Commission members who are also members of the General Assembly, at the rate established in G.S. 120-3.1;
- (2) Commission members who are officials or employees of the State or local government agencies, at the rate established in G.S. 138-6; and
- (3) All other Commission members, at the rate established in G.S. 138-5.

Sec. 6. There is allocated from the funds appropriated to the General Assembly's Legislative Services Commission to the Study Commission on the State Personnel System for its work the sum of twenty-five thousand dollars (\$25,000) for the 1993-94 fiscal year and the sum of twenty thousand dollars (\$20,000) for the 1994-95 fiscal year.

Sec. 7. This act becomes effective July 1, 1993.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

H

1

HOUSE BILL 1351

Short Title: Temporary Employment ARC.

(Public)

Sponsors: Representatives Holt; and Bowman.

Referred to: Rules, Calendar, and Operations of the House.

May 12, 1993

1 **A BILL TO BE ENTITLED**
2 **AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION**
3 **TO STUDY THE ISSUE OF TEMPORARY EMPLOYMENT IN NORTH**
4 **CAROLINA.**

5 **The General Assembly of North Carolina enacts:**

6 **Section 1. The Legislative Research Commission may study the**
7 **issue of temporary employment in North Carolina. In conducting its study,**
8 **the Commission shall investigate the need for changes in State law regarding**
9 **the hiring of temporary and "full-time" temporary employees.**

10 **Sec. 2. The Commission may report its findings and**
11 **recommendations to the 1995 General Assembly, and may make an interim**
12 **report to the 1994 Regular Session of the 1993 General Assembly.**

13 **Sec. 3. This act is effective upon ratification.**

APPENDIX C

MEMBERSHIP OF LRC COMMITTEE ON PUBLIC EMPLOYEES PERSONNEL

LRC MEMBER: Sen. Austin M. Allran
 P.O. Box 2907
 Hickory NC 28603
 (704)324-5200

President Pro Tempore's Appointments

Sen. Joseph E. Johnson, Cochair
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(919)787-5200

Mr. James Coleman
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Sen. Fred Folger
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Sen. Howard Lee
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Sen. Aaron Plyler
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Rep. Dewey L. Hill
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(910)642-6044

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Greensboro, NC 27403
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Rep. W. Eugene McCombs
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(704)279-2128

Rep. Gregory J. Thompson
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Clerk:
Ms. Sarah Murphy
Rm. 2010 Legislative Building

(919)733-6660

(919)715-0853

**Ms. Sandra Timmons
Research Division
(919)733-2578**

APPENDIX D

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

H

D

95-LRZ-007

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: Create State Personnel Study.

(Public)

Sponsors: .

Referred to:

1 **A BILL TO BE ENTITLED**
2 **AN ACT TO CREATE THE STUDY COMMISSION ON THE STATE**
3 **PERSONNEL SYSTEM AND TO APPROPRIATE FUNDS TO THE**
4 **STUDY COMMISSION.**

5 **The General Assembly of North Carolina enacts:**

6 **Section 1. There is created a Study Commission on the State**
7 **Personnel System to be composed of nine members: three Senators to be**
8 **appointed by the President Pro Tempore of the Senate, three Representatives**
9 **to be appointed by the Speaker of the House, and three public members to be**
10 **appointed by the Governor. The President Pro Tempore of the Senate and the**
11 **Speaker of the House shall each designate a cochairman from their appointees.**
12 **Either cochairman may call the first meeting of the Study Commission.**
13 **Vacancies shall be filled in the same manner as the original appointments were**
14 **made.**

15 **Sec. 2. The Study Commission is authorized to study all aspects of**
16 **the State Personnel System including, but not limited to, the extent to which**
17 **State government employment is family-supportive, salary inequities among**
18 **State employees, and flexible compensation programs.**

1 **Sec. 3.** With the prior approval of the Legislative Services
2 Commission, the Legislative Administrative Officer shall assign professional
3 and clerical staff to assist in the work of the Commission. Clerical staff shall
4 be furnished to the Commission through the Offices of the House and Senate
5 Supervisors of Clerks. The expenses of employment of the clerical staff shall
6 be borne by the Commission. With the prior approval of the Legislative
7 Services Commission, the Study Commission may hold its meetings in the
8 State Legislative Building or the Legislative Office Building.

9 **Sec. 4.** The Study Commission may submit an interim report of its
10 findings and recommendations and the status of its work on or before the first
11 day of the 1996 Regular Session of the 1995 General Assembly. The Study
12 Commission shall submit a final written report of its findings and
13 recommendations on or before the convening of the 1997 Session of the
14 General Assembly. All reports shall be filed with the President Pro Tempore
15 of the Senate and the Speaker of the House of Representatives. Upon filing its
16 final report, the Commission shall terminate.

17 **Sec. 5.** Members of the Commission shall be paid per diem,
18 subsistence, and travel allowances as follows:

- 19 (1) Commission members who are also members of the General
20 Assembly, at the rate established in G.S. 120-3.1;
- 21 (2) Commission members who are officials or employees of the
22 State or local government agencies, at the rate established in
23 G.S. 138-6; and
- 24 (3) All other Commission members, at the rate established in
25 G.S. 138-5.

26 **Sec. 6.** There is allocated from the funds appropriated to the
27 General Assembly's Legislative Services Commission to the Study Commission
28 on the State Personnel System for its work the sum of twenty-five thousand
29 dollars (\$25,000) for the 1995-96 fiscal year and the sum of twenty thousand
30 dollars (\$20,000) for the 1996-97 fiscal year.

31 **Sec. 7.** This act becomes effective July 1, 1995.

